

Washington State Auditor's Office
Special Education Program Audit
Audit Services

Report No. 58257

RIVERSIDE SCHOOL DISTRICT NO. 416

Spokane County, Washington

September 1, 1995 Through August 31, 1996

Issue Date: May 30, 1997

May 30, 1997

I am pleased to report the results of our program audit of Riverside School District No. 416 Special Education Program covering the period September 1, 1995, through August 31, 1996. This report was prepared under the authority granted by Chapter 283, Laws of 1996.

Our audit gives an independent, accurate assessment of the condition of the program during the period we reviewed. I hope it is used as a constructive management tool to help the school districts improve their operations and to help the Legislature and others in policy decisions on special education funding.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

Copies transmitted to:

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Jerry M. Wilson, Superintendent
Terry Weinmann, Assistant Superintendent
Cliff Christiansen, Special Education Director
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Marcelyn A. Senger, School Business Services-Supervisor of Audit Management and
Resolution, Superintendent of Public Instruction
Safety Net Committee
Jim West, Chair, Senate Ways and Means Committee
Tom Huff, Chair, House Appropriations Committee
Cheryle Broom, Legislative Auditor, Joint Legislative Audit and Review Committee
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Laurie Fortier, State Publication Distribution, State Library
The Honorable Christine O. Gregoire, Attorney General, Office of the Attorney General

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Riverside School District No. 416 Special Education Program Audit Report Summary

BACKGROUND

The State Auditor's Office was given responsibility for auditing special education programs by the Legislature. Lawmakers were concerned about special education programs that exhibit unusual rates of growth, extraordinarily high costs or other characteristics requiring the attention of the State Special Education Safety Net Committee. The Safety Net Committee was created to oversee state and federal special education funds set aside by the Legislature to assist school districts with demonstrated financial or program needs not met through the special education funding formula.

The Riverside School District is among approximately 30 school districts to be selected for a program audit this fiscal year. The Riverside School District was selected based upon the change in its special education population and its application for additional funding through the state safety net in 1995-96.

AUDIT RESULTS

Objective 1:

To determine whether the Riverside School District Special Education Program effectively and efficiently provides a Free and Appropriate Education (FAPE) to special education students as defined by the *Washington Administrative Code* (WAC).

Conclusions:

- In our opinion, the district provides FAPE to special education students. The services are designed to meet the needs of students with disabilities to the same extent as students without disabilities.
- The district has begun to limit its referrals to special education as part of their effort to decrease their special education enrollment. The district is doing this by limiting yearly "childfind" activities to the federal minimum, taking a stronger position on the admittance of "choice" students and considering more education alternatives before referring students to special education.
- The majority of the district's special education students are served in several core programs. These programs include study skills programs, behavior programs, developmental learning centers and secondary programs with vocational emphasis.

We noted about 30 percent of the students in our file review were placed in study skills programs.

District Response:

The district agrees with these findings.

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Objective 2:

To evaluate the Riverside School District Special Education Program system of internal controls that ensure compliance with state and federal special education requirements.

Conclusion:

- The district has adequate policies and procedures.

District Response:

The district agrees with these findings.

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Objective 3:

To verify that the Riverside School District Special Education Program IEPs are appropriate and properly prepared.

Conclusion:

- The 45 special education files reviewed complied with applicable rules and regulations.

District Response:

The district agrees with these findings.

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Objective 4:

To determine why the Riverside School District Special Education Program exhibits high rates of growth, extraordinarily high costs or other characteristics that require the attention of the Safety Net Committee.

Conclusion:

- The district's special education enrollment dropped from 17.53 percent in 1994-95 to 15.48 percent in 1995-96.
- The district exhibited a higher percentage of seriously behaviorally disabled, orthopedic impaired, health impaired and multiple disabled students than state averages for those categories.
- The district initially received less special education funding under the new formula. However, this decrease did not severely impact the district's ability to provide services to its special education population in 1995-96.

District Response:

The district agrees with the basic tenets of the conclusions. However, the district feels that the formula did have, and will continue to have, an adverse effect on students with disabilities because adjustments for inflation are not taken into consideration with the Maintenance of Effort State Revenue (MOESR) safety net awards.



Objective 5:

To identify elements of the Riverside School District Special Education Program that could be considered for implementation at other school districts.

Conclusion:

- The district is committed to meeting the needs of its students.
- The district has a Behavioral Intervention Program that could serve as a model for other districts.

District Response:

The district agrees with these findings.



The basis for our conclusions and the district's full response is included in the Report Detail section.

Riverside School District No. 416 Special Education Program Audit Report Detail

INTRODUCTION

This report contains the results of a program audit we performed on the Riverside School District Special Education Program. Our audit covered the 1995-96 school year. The field work was completed on November 29, 1996.

BACKGROUND

In 1995, the Legislature revised the state special education funding formula (Chapter 18, 2nd Special Session, Laws of 1995). The formula incorporates three significant changes: (1) the move to an “excess cost” funding model that includes only the costs of a child’s special education above basic education funding, (2) establishment of a maximum index of eligible special education enrollment per district and (3) a single allocation of funds per student without regard to a student’s disability.

The Legislature set aside nearly \$40 million in state and federal funds to assist school districts with demonstrated financial or program needs not met through the funding formula. This “safety net” was required due to a 1987 court decision in the case, *Washington State Special Education Coalition v. State of Washington*. The court requires the state to provide a safety net when special education funding is based upon statewide averages. A State Special Education Safety Net Committee was created to review applications for safety net funds. The State Auditor’s Office was given responsibility for auditing special education programs exhibiting unusual rates of growth, extraordinarily high costs or other characteristics requiring the attention of the Safety Net Committee.

This audit was conducted in accordance with the legislation that assigned the State Auditor’s Office responsibility for auditing special education programs. The Riverside School District is among approximately 30 districts to be selected for a program audit this fiscal year. The district’s program was selected based on two factors. First, the overall decrease or change in the special education population between 1994-95 and 1995-96. The second factor was the applications submitted to the Safety Net Committee.

AUDIT SCOPE

We examined student Individual Education Programs (IEPs) and other district records concerning the assessment and evaluation of students. We reviewed the special education program for efficiency and effectiveness. We also looked at records and data to determine the accuracy of statements made to the Safety Net Committee.

The methods used to perform this audit included detailed reviews of district records, staff interviews, observation of the program, and analysis of data derived from the district and other sources when appropriate. Specific methods used for the examination of each audit objective are detailed in the working papers.

SCHOOL DISTRICT DESCRIPTION

Riverside School District is a municipal corporation organized pursuant to Title 28A *Revised Code of Washington* (RCW) to provide public school services to students in grades K-12. Five elected board members have oversight responsibility for the district. The board appoints district management and has fiscal responsibility for the district.

District officials who were key contacts during this audit include:

- Mr. Jerry M. Wilson, Superintendent
- Mr. Terry Weinmann, Assistant Superintendent
- Mr. Cliff Christiansen, Special Education Director
- Ms. Kathy Stroyan, Business Manager

Riverside School District is located in Spokane County and consists of two elementary schools, one middle school and one high school. The 1995-96 district enrollment was 2,250 students, of which 348 were special education students. This special education enrollment has decreased to 15.48 percent of the total enrollment from the 1994-95 percentage of 17.53.

AUDIT RESULTS

Objective 1:

To determine whether the Riverside School District Special Education Program effectively and efficiently provides a Free and Appropriate Education (FAPE) to special education students as defined by the *Washington Administrative Code* (WAC).

Conclusion:

WAC 392-172-035 defines FAPE as special education and related services that are provided at public expense, meet the standards of the state education agency, include preschool, elementary school or secondary school education and conform with individualized education program requirements. The Riverside School District provided FAPE to its 1995-96 special education students.

The district has a referral and evaluation process for students with needs that may not be met in the general education classroom. In the 1995-96 school year, the special education enrollment in the district was significantly above the 12.7 percent index established by the new funding formula. Districts have been accorded a four year window to decrease, if necessary, their special education enrollment. The district may eventually risk losing funding for students served over the 12.7 percent index. For this reason, the district has begun to limit its referrals to special education in the following ways:

- The district is limiting yearly “childfind” activities to the minimum federal requirement. The purpose of childfind is to locate, evaluate and identify students with a suspected disability who are within the boundaries of the district and are not currently receiving special education and related services.
- The district is taking a stronger position on the admittance of “choice” students. Choice students do not reside in the district they wish to attend. The district may accept some “mildly involved” special education students but decline students with more severe disabilities. The decision not to admit “choice” students also impacts the general education program since families will usually enroll other students as well.
- The district is taking a closer look at students to assess whether they are “in need of special education” or whether accommodations or modifications could be made in the general education setting.
- The district is considering more education alternatives before referring students to special education. Multi-Disciplinary Teams (MDT) at the school building level are serving as a resource to general education staff as well as to special education.
- The district is working to provide social service agencies, intensive treatment homes and foster homes with an understanding of the impact their high-cost students have on school districts.

The district offers several core program options for special education students. The majority of special education students are served by these core programs. The programs include study skills programs, behavior programs, developmental learning centers and secondary programs with vocational emphasis. A continuum of alternative service options are also available to students who may need them. Students may be served through one or more program component in the continuum. Staff within the district are responsible for providing

necessary services to students with and without disabilities. Students are educated in the general classroom setting to the maximum extent possible.

The district also has a special education program that serves children from birth to age three. The district is committed to this program as part of the district philosophy that early intervention may minimize future special education needs for some students.

We noted approximately 30 percent of the students in our file review were placed in study skills programs. These programs serve special education students grades K-12. In other audited districts we had not noted study skills programs serving such a large percentage of special education students across all grade levels. For this reason, we focused our observations on these programs.

The district Multi-Disciplinary Team (MDT) describes the study skills program as unique and not to be considered as equivalent to traditional resource rooms which emphasize specific skill development in academic areas. Within this setting, a student's ability to cope in the general classroom is often not increased because many more skills are needed to survive. The study skills program is designed to provide three to four students with the personal assistance of a classified educational assistant for a set time period per day. General classroom assignments are approached as a group with emphasis on comprehension and assignment completion. Reading, math and writing skills naturally develop from this process. The study skills program provides the encouragement and incentive needed by students to overcome the discouragement often associated with academic failure.

We conducted two observations of this program. One was in an elementary study skills classroom and the other was a middle school study skills classroom. We observed individual students in each setting.

During those observations, students brought their general education classroom assignments to study skills for assistance. The special education teacher or an educational assistant helped the student complete the assignments. Since the district "blends" its Learning Assistance Program (LAP) and Title I programs with special education, LAP/Title I services are also provided in the study skills classroom. A special education student may be served by LAP/Title I in an area that the MDT assessment did not find the student eligible for special education.

District Response:

The district agrees with these findings.

Objective 2:

To evaluate the Riverside School District Special Education Program system of internal controls that ensure compliance with state and federal special education requirements.

Conclusion:

Internal controls are established to direct the special education referral process and ensure continuing compliance with special education requirements. We conducted interviews with the special education administrative team, certificated staff, speech language pathologists, occupational therapists/physical therapists and school psychologists to document and assess the staff's understanding and compliance with the process. The interviews and our student file review established that an internal control process is in place, appropriate personnel are assigned to oversee the process and special education staff know and attempt to follow the process.

The district is also aware of and follows the eligibility criteria for counting a student on the monthly P-223H Form. This criteria states that a student's evaluation and IEP must be current on the count date. We feel that the district has adequate controls to ensure an accurate count.

District Response:

The district agrees with these findings.

Objective 3:

To verify that the Riverside School District Special Education Program IEPs are appropriate and properly prepared.

Conclusion:

We reviewed 45 special education files to determine if they complied with federal and state procedural requirements and directives. The files were systematically chosen. We selected the first two student files and the last two student files from each alphabet letter. If there were not at least four files for an alphabet letter, we selected all of the files for that letter. We concluded that the Riverside Special Education IEPs complied with applicable rules and regulations.

District Response:

The district agrees with these findings.

Objective 4:

To determine why the Riverside School District Special Education Program exhibits high rates of growth, extraordinarily high costs or other characteristics that require the attention of the Safety Net Committee.

Conclusion:

The Riverside School District's special education enrollment dropped 2.05 percent from 17.53 percent in 1994-95 to 15.48 percent in 1995-96. The district's special education enrollment is still 2.78 percent above the 12.7 percent index contained in the new formula.

Districts are allowed a grace period to reduce the percentage of students served in special education as part of the change in the funding formula. Districts above the 12.7 percent index were funded for up to 75 percent of the 1994-95 enrollment percentage or the actual 1995-96 percentage, whichever was less. The Riverside School District received funding for the total percentage of students claimed in the 1995-96 school year.

Based on our review, it does not appear the district is qualifying ineligible students for services. However, where the MDT applies professional judgment (WAC 392-172-152) to determine eligibility and/or need for specially designed instruction, it is more difficult to question eligibility.

We considered whether the district has unusually high costs not considered in the new special education funding formula. We reviewed program staff and budgets before and after the funding formula change. We noted that the state funding formula generated less special education revenue for the district in 1995-96 than the previous year, however, the district served fewer special education students. Maintenance of Effort State Revenue (MOESR) restored the district to its 1994-95 funding level. Prior to the beginning of the 1995-96 school year, the district addressed the decrease in special education revenues (before the receipt of MOESR funds) by reducing certified and classified special education personnel. The district also reduced instructional supplies and inservice training budgets.

The district applied for and received, at the end of the 1995-96 school year, MOESR Safety Net funds to cover the reduction. The district was able to rehire staff though not to the 1994-95 level. Although the district initially received less special education funding under the new formula, it appears the district's ability to provide services to its special education population was not severely impacted in 1995-96. The district made an internal budget decision to reduce expenditures in special education since it could not determine when MOESR funds would be received. The district budgeted both the special education and a portion of the basic education allocations for the special education program. The district also made a decision to allocate an additional percentage of basic education revenue to the special education program. This allocation was based on the percentage of time basic education teachers provided services to special education students in the general classroom setting.

We determined the district exhibited a higher percentage of seriously behaviorally disabled, orthopedic impaired, health impaired and multiple disabled students than state averages for those categories. This population can be attributed to several foster homes within the district, previous "choice" students and families with these categories of disabled students moving into the district. The district has a lower percentage of specific learning disabled and communication disordered students than the state average. The population percentages were comparatively the same in 1994-95. In 1995-96, it appears MOESR compensated the district

for the decrease in special education funds due to this population mix. At this time, we cannot determine the future effect that this higher cost population will have on the district.

District Response:

The district agrees with the basic tenets of these findings. However, the following statement suggests that Safety Net MOESR adequately resolves the adverse effect the funding formula change has had and will continue to have upon disabled students in small school districts such as Riverside. "Although the district initially received less special education funding under the new formula, it appears the district's ability to provide services to its special education population was not severely impacted in 1995-96."

The funding formula change did have an adverse effect. An analysis of MOESR will reveal that aggregate or per pupil expenditures will be maintained. Yes, this is true. However, there are no adjustments for inflation. Therefore, Riverside will incur lost purchasing power every year, totaling hundreds of thousands of dollars over time.

To illustrate this point, assume Riverside has annual expenditures of approximately \$1.5 million in special education. If the Consumer Price Index (CPI) is 2%, the following loss in purchasing power will be experienced over time:

<i>1995-1996 Year 1</i>	<i>\$1.5 million X 2% =</i>	<i>\$ 30,000</i>
<i>1996-1997 Year 2</i>	<i>\$1.5 million X 4% =</i>	<i>\$ 60,000</i>
<i>1997-1998 Year 3</i>	<i>\$1.5 million X 6% =</i>	<i>\$ 90,000</i>
<i>1998-1999 Year 4</i>	<i>\$1.5 million X 8% =</i>	<i>\$120,000</i>
<i>1999-2000 Year 5</i>	<i>\$1.5 million X 10% =</i>	<i>\$150,000</i>

If the CPI is 3%, the following scenario is likely:

<i>1995-1996 Year 1</i>	<i>\$1.5 million X 3% =</i>	<i>\$ 45,000</i>
<i>1996-1997 Year 2</i>	<i>\$1.5 million X 6% =</i>	<i>\$ 90,000</i>
<i>1997-1998 Year 3</i>	<i>\$1.5 million X 9% =</i>	<i>\$135,000</i>
<i>1998-1999 Year 4</i>	<i>\$1.5 million X 12% =</i>	<i>\$180,000</i>
<i>1999-2000 Year 5</i>	<i>\$1.5 million X 15% =</i>	<i>\$225,000</i>

Given these projections, a logical conclusion is that special education has and will be negatively impacted. MOESR will not adequately provide the 'Safety Net' it is intended to provide. Disabled children will not receive the same level of services as prior to the funding formula change.

Objective 5:

To identify elements of the Riverside School District Special Education Program that could be considered for implementation at other school districts.

Conclusion:

The Riverside School District Special Education Program is committed to meeting the needs of its students. It is evident from the staff interviews that cooperation and involvement exist between the general and special education staffs. The district also appears committed to experimenting with other avenues that meet student needs before referring to special education.

The district has developed a good reputation for its early intervention programs and for its Behavioral Intervention Program. This program could serve as a model for other districts concerned with establishing or changing components of their behavior program.

District Response:

The district agrees with these findings.

ADDITIONAL INFORMATION

It is important to note that this audit does not replace, or otherwise duplicate, the regularly scheduled audit of the district that includes a review of financial statements and compliance with laws and regulations. Accordingly, we do not express any opinion related to those items in this report. We did consult with the financial auditors and brought items to their attention when warranted.

The audit of the Riverside School District Special Education Program was performed in accordance with generally accepted government auditing standards. As such, it included such tests of records and other audit procedures we considered necessary, including a review of management controls where appropriate.

This report is a public document. To obtain additional copies of this report, or for questions related to the audit, address inquiries to the State Auditor's Office, P.O. Box 40021, Olympia, WA 98504-0021 or call (360) 753-4792.

Riverside School District No. 416 Special Education Program Audit Addendum

Directory Of Officials

Elected

		<u>Term</u>	<u>Expiration</u>
Board of Directors:	Larry Frowick	4	November 1999
	Mark Anderson	4	November 1997
Chairperson	Janet E. Hansen	4	November 1997
	Sandra Ross	4	November 1999
	Katherine Zollars	4	November 1999

Appointed

Superintendent	Jerry M. Wilson
Assistant Superintendent	Terry Weinmann
Business Manager	Kathy Stroyan
Attorney	Robert W. Winston, Jr.

Mailing Address

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